EXCELSIOR ENERGY

August 14, 2009

Mr. William C. Storm, Project Manager
Minnesota Department of Commerce
85 7th Place East, Suite 500
Saint Paul, Minnesota 55101-2198

Re: In the Matter of the Nashwauk Public Utilities Commission/Minnesota Power HVTL Route Permit Application, Essar Steel Transmission Line Project (PUC Docket Number: E280/TL-09-512)

Dear Mr. Storm:

Excelsior Energy Inc. ("Excelsior") is submitting comments on the scope of the environmental impact statement ("EIS") to be prepared by the Office of Energy Security ("OES") on behalf of the Nashwauk Public Utilities Commission and Minnesota Power (collectively, the "Proponents") as part of the high-voltage transmission line ("HVTL") project for Essar Steel Minnesota (hereafter, the "ESM HVTL Project").

BACKGROUND

On June 16, 2006, Excelsior's wholly owned subsidiaries MEP-I LLC and MEP-II LLC ("MEP-I/II") submitted a Joint Application for Site and Route Permits for two, 600 $MWe_{(net,nominal)}$ large electric power generating plants (collectively, the "IGCC Power Station") to be located at one of two sites on Minnesota's Mesabi Iron Range. The IGCC Power Station will be based on integrated gasification combined cycle or "IGCC" technology and use subbituminous coal as its principal feedstock. MEP-I/II have stated in the Joint Application that their preferred site—also known as the West Range Site—for the IGCC Power Station is located within the city limits of Taconite, Minnesota approximately 6 miles west-southwest of the ESM HVTL Project's mine substation.

The IGCC Power Station's preferred linear elements at the West Range Site include an 8.9-mile, double-circuit 345-kV HVTL that is shown in Figure 2.2-1 of Exhibit I along with the IGCC Power Station footprint and buffer land. As part of Minnesota's Power Plant Siting Act, MEP-I/II is required to identify alternative HVTL Routes for each site nominated for consideration by the Minnesota Public Utilities Commission ("MPUC"). The alternative HVTL routes for the West Range Site are shown in Figures 2.2-2 through 2.2-4 of Exhibit I.

11100 WAYZATA BOULEVARD, SUITE 305
MINNETONKA, MN 55305
PHONE 952.847.2360
FAX 952.847.2373

424 ROOSEVELT STREET, P.O. BOX 227
COLERAINE, MN 55722
PHONE 218.245.1205
FAX 218.245.1604

EIS SCOPING CONCERN FOR ESM HVTL PROJECT

In identifying the Proponent's No. 2, 3, and 3A HVTL route alternatives in Figure 1 of the OES' July 2, 2009 Notice of Public Information Meeting announcement, no recognition was given that each of the routes significantly overlaps linear infrastructure elements proposed to serve the IGCC Power Station. If the MPUC designates the HVTL routes labeled WRA-1, WRB-1 and/or WRB-2A in MEP-I/II's Joint Application for the IGCC Power Station, the Proponents could be required to acquire additional rights-of-way along those routes that otherwise would not be needed. In short, the potential overlap of linear infrastructure elements supporting the ESM HVTL Project and the IGCC Power Station poses the potential for expanding environmental impacts beyond those envisioned for either project alone.

ROLE OF THE MINNESOTA PUBLIC UTILITIES COMMISSION

The MPUC will help clarify the potential for such linear infrastructure overlaps when it designates the approved Site and Routes for the IGCC Power Station, which Excelsior anticipates will occur sometime later in Q4 2009. However, until such clarifications are made known, the scope of the ESM HVTL Project's EIS must recognize that such overlaps are possible and address their potential cumulative impacts when identifying and discussing reasonable alternatives.

Thank you for the opportunity to provide this input into the EIS scoping process.

Sincerely,

Robert S. Evans II
V.P., Environmental Services

c: Richard Hargis, NETL, U.S. Department of Energy

EXHIBIT I:

HVTL INFRASTRUCTURE ELEMENTS SUPPORTING THE IGCC POWER STATION AT THE WEST RANGE SITE (FIGURES 2.2-1 THROUGH 2.2-4 OF MEP-I/II'S JOINT APPLICATION)

Figure 2.2-1 West Range Plan A Preferred (WRA-1) and Alternate (WRA-1A) 345kV HVTL Routes

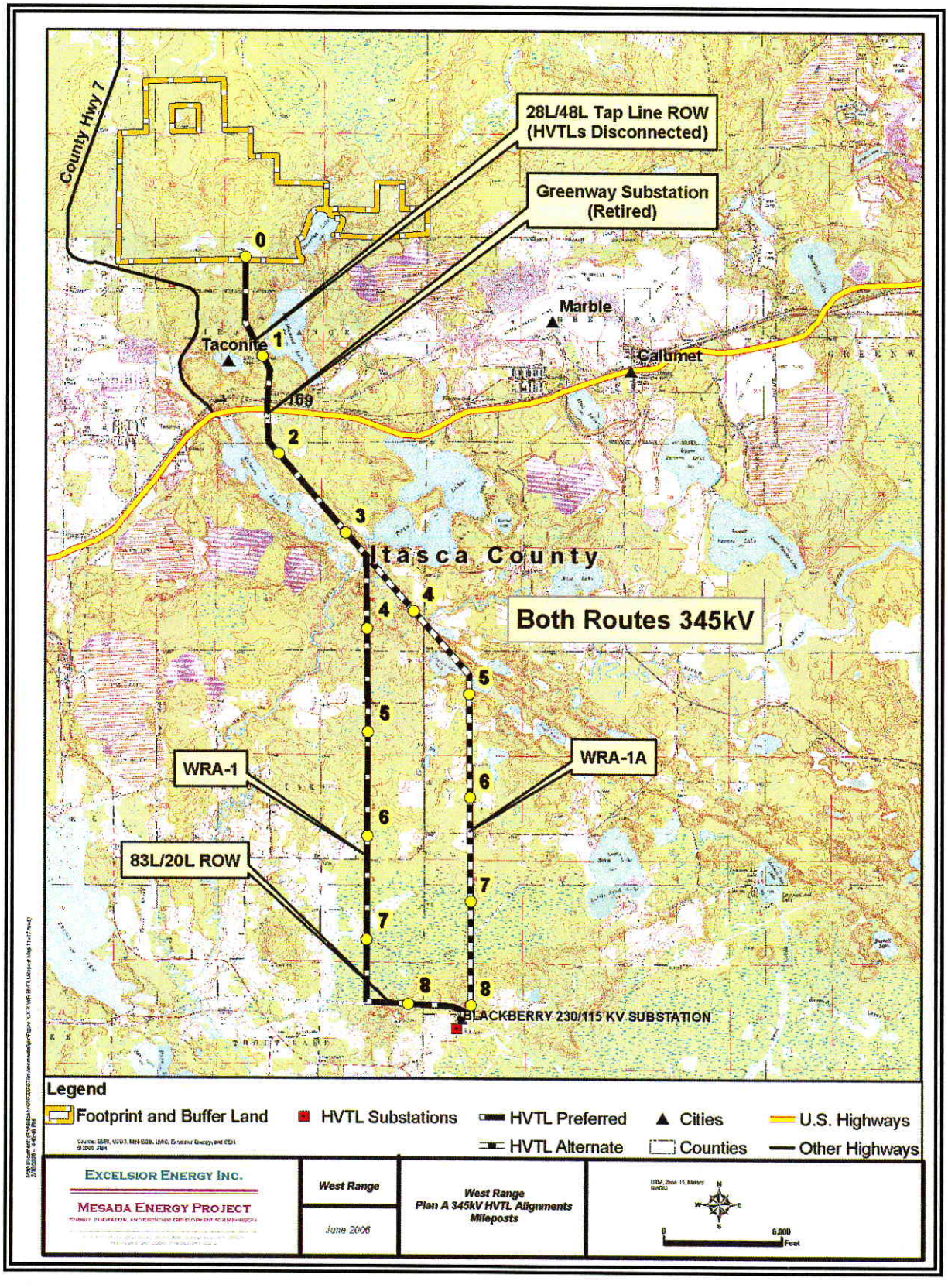


Figure 2.2-2 West Range Plan B Phase I Preferred (WRB-1) and Alternate (WRB-1A) Double Circuit 230kV HVTL Routes

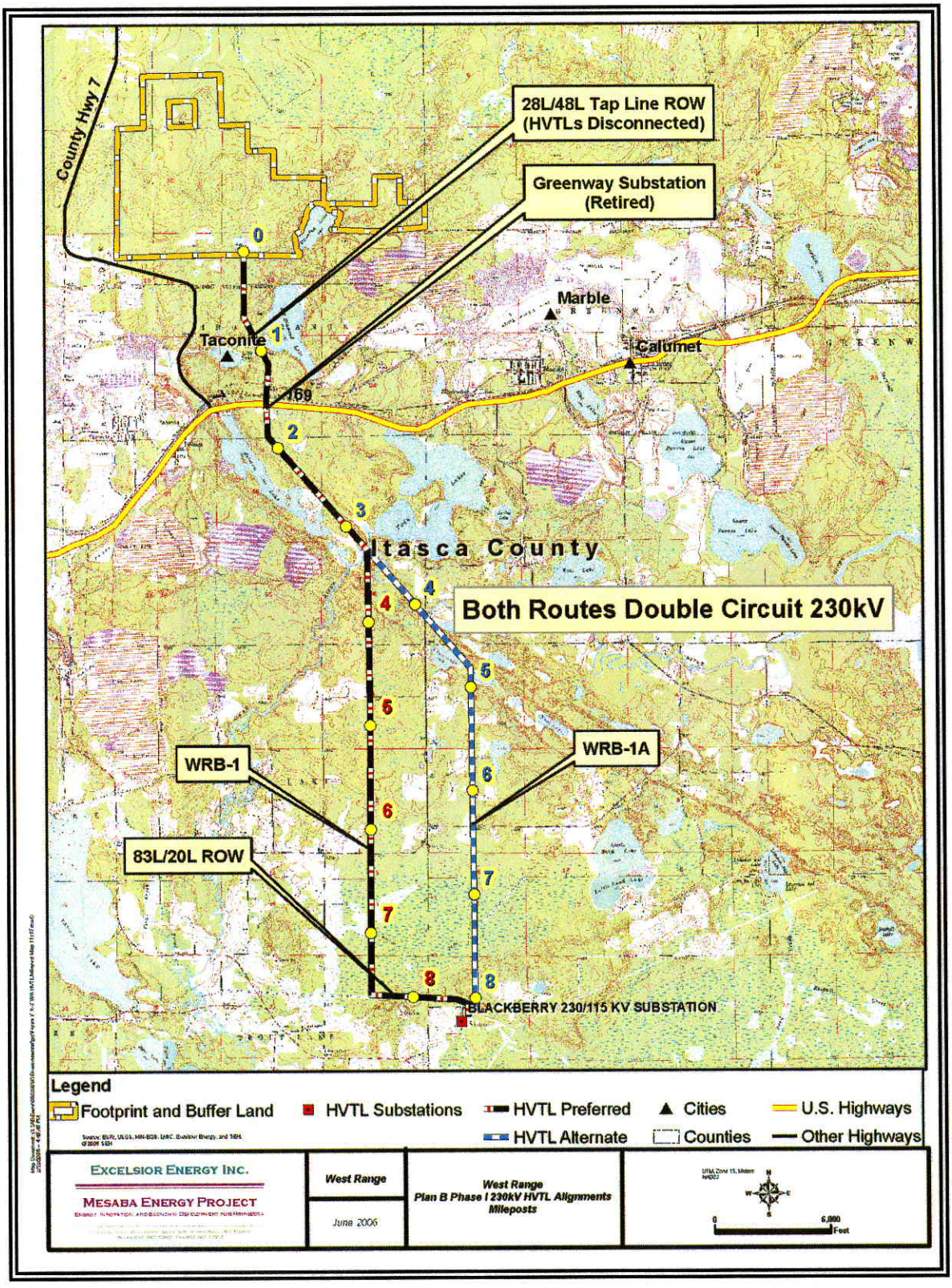


Figure 2.2-3 West Range Plan B Phase II Preferred (WRB-2) and Alternate (WRB-2A) HVTL Routes

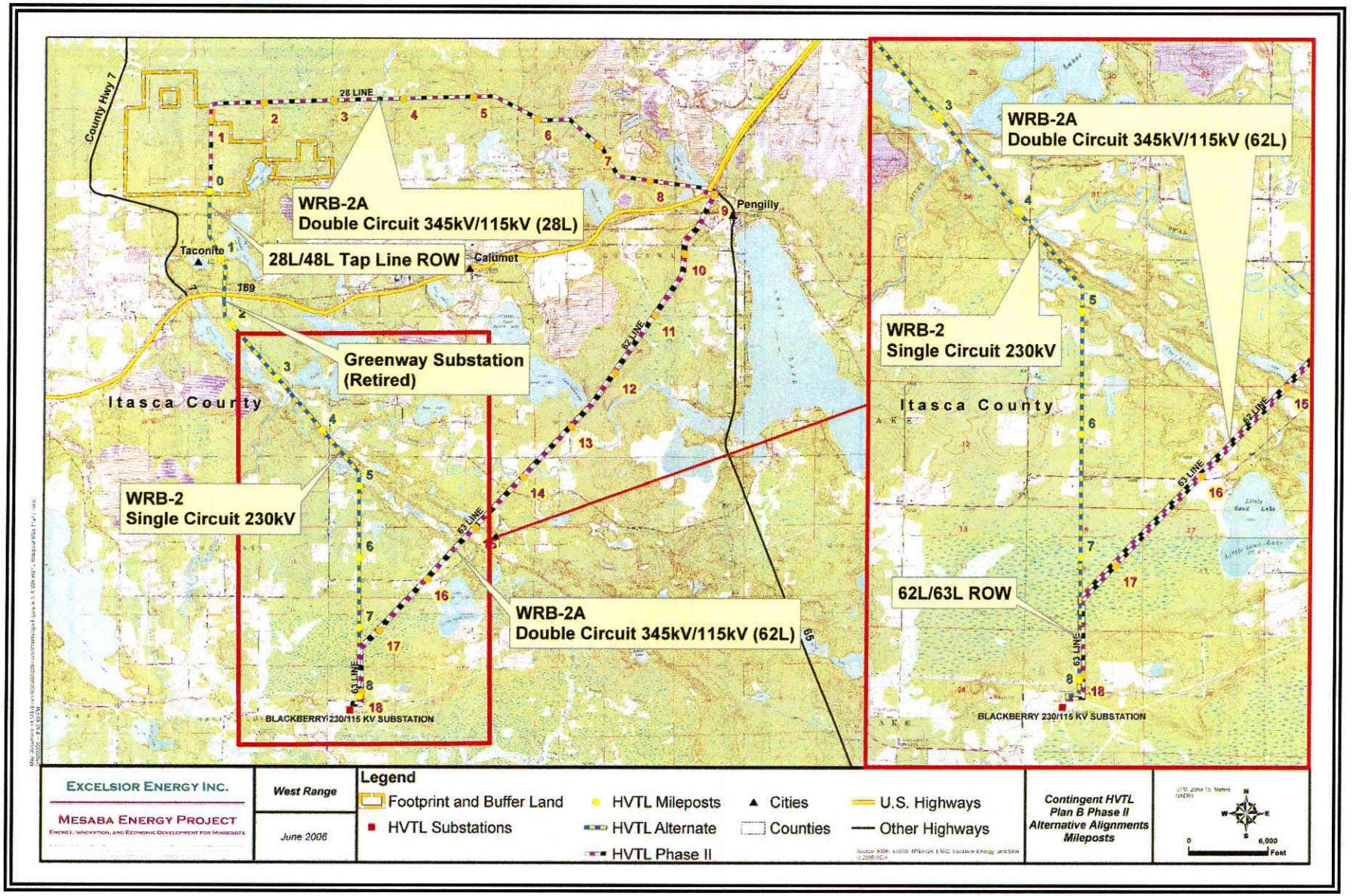
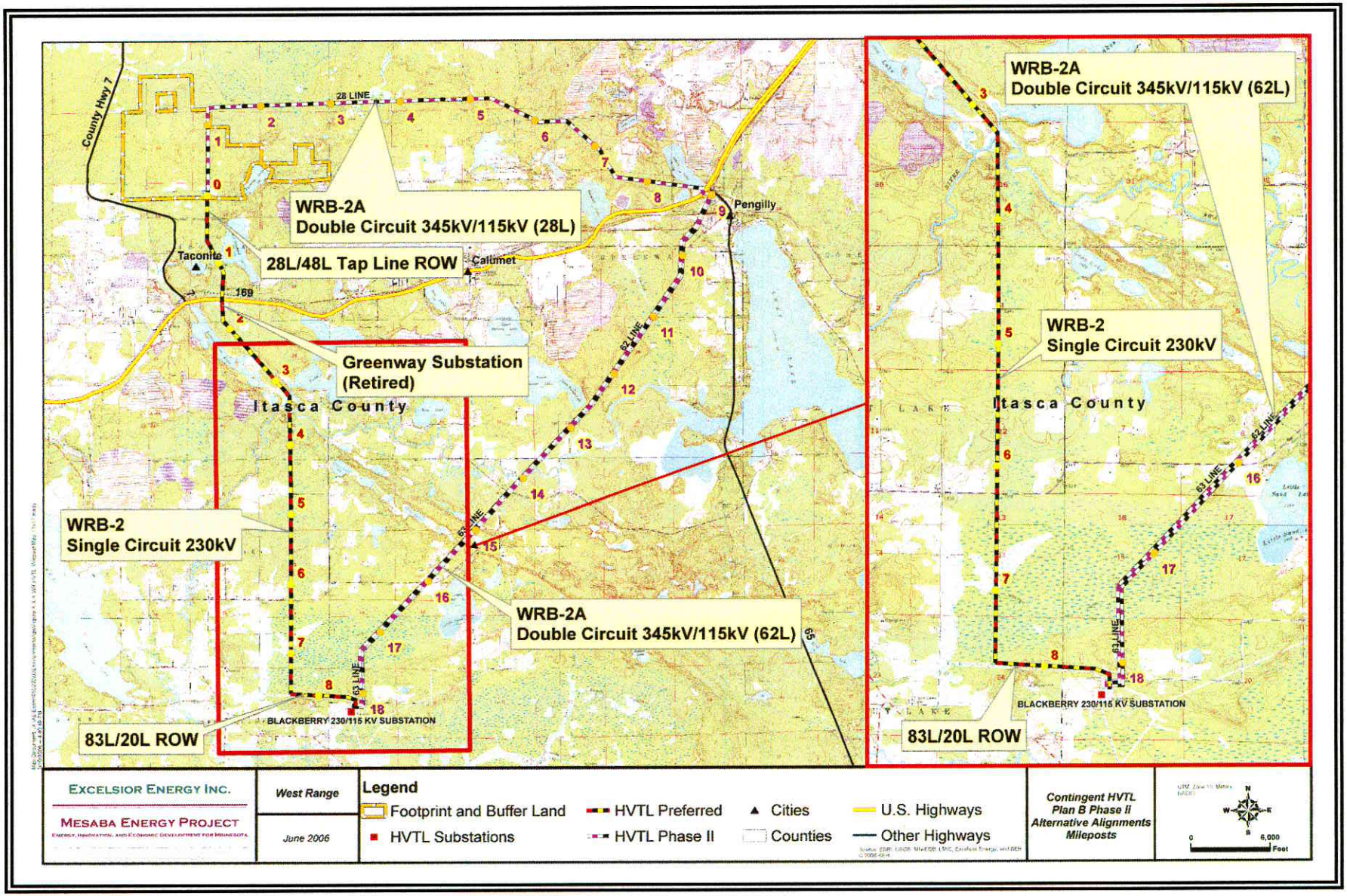


Figure 2.2-4 West Range Plan B Phase II Preferred (WRB-2)* and Alternate (WRB-2A) HVTL Routes



*The Preferred Plan B Phase II Route shown on this figure would be available only if it were not designated the Plan B Phase I Preferred Route